

See also
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In the
United States Court of Appeals
For the Ninth Circuit

No. 19,827

CATAPHOTE CORPORATION, A CORPORATION,
Plaintiff-Appellant,
vs.

DE SOTO CHEMICAL COATINGS, INC., A CORPORATION,
Defendant-Appellee,

PERMA-LINE MANUFACTURING CORPORATION OF
AMERICA, A CORPORATION,
Additional Defendant on Counterclaim.

APPELLANT'S PETITION FOR REHEARING.

CHARLES J. MERRIAM,
WILLIAM A. MARSHALL,
ALVIN D. SHULMAN,
MERRIAM, MARSHALL SHAPIRO & KLOSE,
30 West Monroe St.,
Chicago, Illinois 60603.

ALLAN R. MOLTZEN,
LERER, MOLTZEN & McATEEER,
1405 Mills Tower,
220 Bush St.,
San Francisco, California 94104,
Attorneys for Plaintiff-Appellant.

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APPELLANT'S PETITION FOR REHEARING.

Now comes Cataphote Corporation, plaintiff-appellant, and respectfully petitions for a rehearing of this Court's decision of February 8, 1966 affirming the District Court's judgment that Claims 3-5 of United States Letters Patent 3,036,928 are invalid.

This Petition for Rehearing is based on the following points:

1. Claims 3-5 were held invalid as a result of considering issues, namely inventorship and patentability, on which plaintiff-appellant was not given a proper opportunity to present evidence;
2. Claims 3-5 are presumptively valid, and the burden of proving invalidity is on the defendant which offered no evidence of probative value on these issues.

ARGUMENT.

A. The Subject Matter of the Patent in Suit.

The patent in suit is directed to the use of a two-component binder in a thermoplastic highway marking composition. The binder is used as a vehicle for carrying glass beads which enhance the reflective characteristics of the composition. The composition also contains pigment for imparting color to the composition, filler which acts as a bulking agent, and other conventional constituents. After the composition is applied on a highway, the binder serves to hold the heterogeneous components in matrix, or like form, so that the respective functional properties of the components can be effective in use.

B. The Patent in Suit Contained Species Claims Directed to Mutually Exclusive Species, viz, Thermoplastic Highway Marking Compositions Containing Polystyrene Resin Binders (Claims 2 and 10) and Thermoplastic Highway Marking Compositions Containing Alkyd Resin Binders (Claims 3-5).

The patent issued from a continuation-in-part application based upon an earlier original application. A continuation-in-part (C-I-P) application:

“. . . is an application filed during the lifetime of an earlier application by the same applicant, repeating some substantial portion or all of the earlier application *and adding matter not disclosed* in the said earlier case.” *Manual of Patent Examining Procedure* § 201.08.

In this instance the purpose of filing the C-I-P application was to include claims and examples directed to com-

positions containing *alkyd resin* binders. These compositions were not included in the original application, the original application being directed to thermoplastic highway compositions containing polystyrene binder systems.

C. The Only Issue Which Was Supposed to Be Tried by the District Court Was Prior Public Use or Sale by Plaintiff of Its Thermoplastic Highway Marking Compositions.

This appeal came before this Court, not as the result of a full-blown trial of a patent case involving the several issues of validity and the issue of infringement, but as the result of the District Court granting defendant's motion for a separate trial, under Rule 42(a) FRCP, on the *single* issue of whether or not plaintiff's activities prior to the filing of the original patent application resulted in the patent being invalidated by reason of the patented invention being placed in prior public use or on sale contrary to the provisions of 35 U. S. C. § 102(b). The District Court in its Memorandum Decision (R. 6-7)* on this motion granted:

“... defendant's motion for separate trial on the issue whether plaintiff's alleged invention is invalid because placed in public use or on sale in this country more than one year prior to the date of application for said patent within the meaning of 35 U. S. C. Section 102(b) . . .”

This order clearly established the *single* issue which was to be tried at the separate trial.

* R. means Vol. 1 of Record.

D. Thermoplastic Highway Marking Compositions Including Alkyd Resin Binders Were Not Used in Plaintiff's Activities Which Were Held to Be a Prior Public Use or Sale.

There is no question that thermoplastic highway marking compositions containing *alkyd* resin binders, employed by plaintiff or anyone else, in any way, shape or form, were *not* involved in any prior public use or on sale more than one year prior to the filing of the C-I-P application. Plaintiff's activities which were reviewed in the trial of the prior public use and sale issue were limited solely to the use and/or sale of compositions containing *polystyrene* resin binders. No evidence of prior public use or sale of compositions containing alkyd resin binders was introduced; and, at no time, did defendant assert any such allegation in connection with compositions containing alkyd resin binders. Thus, Claims 3-5 could not be invalidated on this basis. *Blanchard v. Marzall*, 111 F. S. 125, 126 (D. C. 1952).

E. By Considering the Additional Issues of Inventorship and Patentability of Claims 3-5 Without Giving Plaintiff a Proper Opportunity to Present Evidence on These Issues, the Court Has Deprived Plaintiff of a Property Right Without Due Process of Law.

At the outset of the separate trial on the single issue of prior public use or sale, defendant raised the additional issues of inventorship and patentability of Claims 3-5 for the first time. Plaintiff's counsel objected to delving into these additional issues because plaintiff had only prepared for trial on the single issue of prior public use or sale. Plaintiff advised the District Court that consideration of these additional issues would require plaintiff to submit entirely different evidence than that applicable to the single issue and would require expert testimony

(T. 28-9)*. *Burroughs Wellcome & Co., Inc. v. Eli Lilly & Co.*, 150 F. 2d 946, 949 (C. A. 2 1945). In its motion for a separate trial on the single issue of prior public use or sale, defendant had represented that no expert was required (R. 6).

In spite of plaintiff's objections, the additional issues were considered by the trial court without giving plaintiff the opportunity to prepare evidence on these issues; and Claims 3-5 were held invalid by resolving these additional issues in favor of defendant.

It is grossly unfair, an abuse of discretion, and a lack of due process to order a trial on the single issue of prior public use or sale, and, at trial, over a party's objections, go into the additional issues of patentability and inventorship.

Just as in a pretrial order, the Court's Memorandum Decision on defendant's motion for a separate trial clearly limited the issue for trial to prior public use or sale. In *U. S. v. Ahtanum Irr. Dist.*, 124 F. S. 818, 827 (E. D. Wash. 1954), rev'd. on other grounds, the court stated:

“An attempt to try issues which have not been outlined by either pleadings or pre-trial order is not only futile, but it is unjust. Any issue not so formulated cannot be tried because the parties do not know against what to defend. It is not in the case. * * * Unless the cause of action and defense be somewhere delineated before judgment, to the knowledge of the parties, due process of law has not been accorded and the trial is patently unfair.”

This statement epitomizes plaintiff's position.

A situation similar to the one in this case was before this Court when it stated, in *Hargrave v. Wellman*, 276 F. 2d 948, 952 (C. A. 9 1960) :

* T. means Reporter's Transcript of Trial (Vols. 3-6 of Record).

"Moreover, the parties stipulated prior to trial that the appellant's case should proceed on the sole theory of negligence of the guide in putting his own mount into a sudden gallop without warning to Hargrave. In view of that stipulation appellant was not entitled to inject into the case a new theory of negligence unless, despite such stipulation, evidence tending to support such theory was received without objection."

A summary rejection of plaintiff's rights in the alkyd resin claims is unjust. Plaintiff should be given the opportunity to present evidence to the Court in support of the patentable distinction between these claims and the styrene resin claims, as well as on the issue of inventorship.

Accordingly, this case should be remanded to the District Court in order to permit plaintiff to present such evidence.

F. The Alkyd Resin Claims, 3-5, Were for a Separate Invention Than the Styrene Resin Claims.

In *Wire Tie Mach. Co. v. Pacific Box Corp.*, 102 F. 2d 543, 551 (C. A. 9 1939), this Court stated:

"Claims of a patent are independent inventions. One may be infringed and others not; one may be valid and the rest invalid. The patent does not stand or fall as a unity. (Citing cases.)"

G. Claims 3-5 Are Presumed Valid Until Defendant Proves Otherwise.

35 U. S. C. § 282 states:

"A patent shall be presumed valid. Each claim of a patent (whether in independent or dependent form) shall be presumed valid independently of the validity of other claims; dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent

or any claim thereof shall rest on the party asserting it.”

The reasons for this presumption are spelled out in *U. S. Pipe & Fdry. Co. v. James B. Clow & Sons, Inc.*, 205 F. S. 140, 152 (N. D. Ala. 1962), citing this Court:

“The necessity for this presumption is made clear when it is borne in mind that judges, in most instances, are inexperienced in the complex technical aspects present in patent litigation. As stated in *Moon et al. v. Cabot Shops, Inc.*, 1959, 9 Cir., 270 F. 2d 539, 541:

‘A presumption of validity arises from the issuance of a patent. The presumption is predicated upon the expertness of the Patent Office acting within its specific field, and can be overcome only by clear and convincing proof. The burden of proof in such cases is upon the party attacking the patent, and reasonable doubts must be resolved in favor of validity. See *Patterson-Ballagh Corp. v. Moss*, 9 Cir., 201 F. 2d 403, 406.’

“Anything short of this presumption would enable the courts to substitute their unfamiliarity for the expertness of those skilled and qualified to act within their specific field.”

In light of the requirements of 35 U. S. C. § 282, this Court erred when it stated, in connection with Claims 3-5:

“The alkyd resin patent claim is clearly barred by the same public use and sale which barred the styrene resin claim. The variation represented by the change in resin composition was not demonstrated to have entailed a patentable novelty.”

Not only must the alkyd resin claims be considered independently of the styrene resin claims, but also, there was no burden on plaintiff to demonstrate patentable novelty of Claims 3-5 over the styrene resin claims. The Patent Office had already decided that plaintiff had done this. The

burden was on defendant to demonstrate *lack* of patentable novelty.

H. The District Court Referred to No Evidence In Support of Its Findings on the Additional Issues and Defendant Introduced None of Probative Value.

The District Court made many specific fact findings in connection with the issue of prior public use or sale. But, on the additional issues of inventorship and patentability of Claims 3-5, the District Court merely made general allusions to "evidence" without specifying what evidence it relied upon to support its conclusions (R. 26-27); and defendant has been of no help in this regard.

I. What Is the Evidence to Support the Court's Findings That Poole Was Not the Inventor of the Alkyd Resin Binder Concept?

Here the answer must be "none." The District Court referred to none. Plaintiff introduced no evidence on this issue; and defendant, over plaintiff's objection, argued that simply because Poole did not formulate the specific example used to illustrate the alkyd resin concept he was not the inventor.

Inclusion in patent applications of illustrative examples which have been formulated by others is common practice which has no illegal implications. As plaintiff pointed out, at page 42 in its main brief on appeal, the specification must include an example of the best mode known at the time for carrying out the invention. This mode can be formulated by one other than the inventor, and this is approved by the Courts. *Benger v. Laros*, 209 F. S. 639, 644 (E. D. Pa. 1962), aff'd. per curiam 317 F. 2d 455.

Poole never denied that he was the inventor. This question was never asked by defendant in spite of the fact that

it spent a considerable time taking Poole's deposition. Furthermore, Poole signed an oath that he was the inventor. The presumption raised by this action cannot be ignored. Defendant did not show that Poole was coerced or threatened into signing the oath. Poole did not testify that he was forced to sign the oath. It therefore must be irrefutably presumed that the act of signing the oath was done freely and without duress knowing full well the contents and significance of the oath.

The question with which the Court should be concerned was not who formulated the specific illustrative alkyd resin composition which was *described*, but who invented the alkyd resin composition which was *claimed*. Incidentally, this issue was not passed upon by this Court and clarification is requested.

J. What Is the Evidence to Support the Court's Findings That Alkyd Resin Binders for Thermoplastic Highway Marking Compositions Are Non-Substantial Variations of the Styrene Resin Binders?

The answer to this question is "there is *none*." The District Court did not specifically refer to any, and the defendant, who had the burden of proving this issue with clear and convincing proof, did not introduce any. Pages 46-47 of defendant-appellee's brief on the appeal are directed to this issue but consist entirely of argument based on false premises unsupported by case law. No reference is made to evidence.

In commenting upon the statutory presumption of validity imposed by 35 U. S. C. § 282, the Fourth Circuit stated in *Power Curbers, Inc. v. E. D. Etnyre & Co.*, 298 F. 2d 484, 493 (C. A. 4 1962) :

"Mere argument will not suffice to overcome this statutory presumption and to sustain the burden imposed upon the defendants who assert invalidity."

Conclusion.

Claims 3-5 relating to thermoplastic highway marking compositions containing alkyd resin binders were granted to plaintiff by the United States Patent Office independently of those claims in the same patent directed to thermoplastic highway marking compositions containing styrene binders. The doctrine of severability of patent claims is well established; and the law should look to the preservation of residual rights. Like a divisible contract, a patent, because of its claim structure and contractual characteristics, is susceptible to division and apportionment and may contain rights each of which may be enforced independently of the other. In this instance, because of the mutual exclusivity of the styrene claims and the alkyd resin claims, the Court should not render the alkyd resin claims unenforceable without a complete and fair hearing on the issues of patentability and inventorship.

The decision of the District Court on Claims 3-5 should be reversed and remanded for a complete and fair hearing on the issues of patentability and inventorship.

Respectfully submitted,

CHARLES J. MERRIAM,
WILLIAM A. MARSHALL,
ALVIN D. SHULMAN,
MERRIAM, MARSHALL SHAPIRO & KLOSE,
30 West Monroe St.,
Chicago, Illinois 60603.

ALLAN R. MOLTZEN,
LERER, MOLTZEN & McATEER,
1405 Mills Tower,
220 Bush St.,
San Francisco, California 94104,
Attorneys for Plaintiff-Appellant.

CERTIFICATE OF COUNSEL.

I certify that in connection with the preparation of this petition, I have examined Rules 18 and 19 of the United States Court of Appeals for the Ninth Circuit, and that, in my opinion, the foregoing petition is in full compliance with those rules.

ALVIN D. SHULMAN,
*One of the Attorneys
for Appellant.*